

Washington, DC - With the rising cost of college and a tough economy putting higher education out of reach for too many upstate New Yorkers, Congressman Maurice Hinchey (D-NY) helped the house pass the largest college aid investment in American history. The Student Aid and Fiscal Responsibility Act (SAFRA) increases Pell Grants, invests to improve college access and raise graduation rates, makes it easier to pay back federal student loans and is fully paid for by reforming the way federal student loans are administered.

"Our ability to compete in a global economy is directly related to the quality of our education system," Hinchey said. "This legislation cuts out the middle man in the federal student loan program, saving taxpayers \$61 billion over the next decade to help reduce the deficit and put forth the largest investment in college aid our nation has ever seen."

SAFRA will change the way the student loan system functions by originating all new loans through the government's Direct Loan program. And because all loans that originate from the federal government must be serviced by American workers, the bill is expected to prompt the non-profits and private lenders who service the loans to grow their American workforces.

Without this legislation, the maximum Pell Grant was set to be cut in half from \$5,540 in 2010 to \$2,840 in 2011. Instead, constituents in Hinchey's congressional district will now see the maximum grant gradually increase to \$5,975 by 2017. Starting in 2013, the scholarship will be set to automatically rise based on the costs-of-living as represented in the Consumer Price Index. In the next five years, the bill invests \$750 million in improving college access and raising college graduation rates throughout New York State. To develop and improve educational or career training programs, the bill creates a \$2 billion competitive grant program for community colleges. And to make federal loans more affordable, the bill allows new borrowers after 2014 to cap their monthly federal student loan payments at ten percent of income.

Hinchey has long been a supporter of efforts to make college more affordable for middle class families. Most recently, in 2008 he helped pass the Ensuring Continued Access to Federal Student Loans Act to protect the student loan program from turmoil in the U.S. financial markets. He also voted for the American Reinvestment and Recovery Act which created the American Opportunity Tax Credit, providing up to \$2,500 annually per qualifying student for college tuition and expenses.

Hinchey Votes Yes to Help Pass Largest College Aid Investment in American History

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